

Twenty-third report of Session 2023-24

Cabinet Office

Civil Service workforce: Recruitment, pay and performance management

Introduction from the Committee

There were 519,780 civil servants employed across the UK in March 2023. Departments are responsible for recruiting staff at grades below senior civil service (SCS) level, and for setting their pay and performance management arrangements. This creates challenges for efforts to tackle system-wide civil service workforce issues, such as speeding up recruitment or reducing the level of underperformance in the civil service, because these typically require concerted action to be taken across all departments.

The Cabinet Office has broad oversight of the civil service workforce as a whole and supports departments to manage workforce issues effectively. The Cabinet Office has set out its vision for the civil service in its Civil Service People Plan for 2024 to 2027. The People Plan aims to set a clear direction for the civil service over the next three years, focusing on five people priorities: learning, skills and capability; pay and reward; employee experience; recruitment, retention and talent; and a high-performing HR function.

Based on a report by the National Audit Office, the Committee took evidence on Monday 5 February 2024 from the Cabinet Office, Ministry of Justice and HM Revenue and Customs. The Committee published its report on Friday 22 March 2024. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Civil Service workforce: Recruitment, pay and performance management](#) – Session 2023-24 (HC 192)
- PAC report: [Civil service workforce: Recruitment, pay and performance management](#) – Session 2023-24 (HC 452)

Government response to the Committee

1. PAC conclusion: The Civil Service People Plan has ambitious aims, but it is vague on what specific actions will be taken and how success will be judged.

1. PAC recommendation: Before the first of its annual progress reports on the Civil Service People Plan, the Cabinet Office should publish more detailed explanations of the commitments in the Plan, including how they will be delivered in practice, target or expected levels of performance, and criteria against which success will be judged.

1.1 The government disagrees with the Committee's recommendation.

1.2 The [Civil Service People Plan 2024-2027](#) outlines the specific actions that will be taken, the 45 commitments that will be delivered, and timescales for delivery. It identifies a set of metrics that will be tracked to measure the Plan's overall impact.

1.3 An evaluation strategy is in development, which will measure the combined impact of the commitments for each priority area. Further detailed information is publicly available on the key commitments, for example the [Places For Growth Programme](#), [Civil Service Diversity & Inclusion Strategy](#) and [Shared Services Strategy for Government](#).

1.4 Formal governance is in place, which includes quarterly progress reporting to the Civil Service People Board (commencing in April 2024) and the Cabinet Secretary. A new People Data Dashboard has been implemented to monitor progress and respond to emerging priorities.

2. PAC conclusion: The time taken to recruit staff across the civil service is too slow.

2. PAC recommendation: By the time of its Treasury Minute response, the Cabinet Office should require all departments to report data on recruitment times to it on a consistent and regular basis. It should use this information, along with data from external comparators, to establish benchmarks for recruitment times within the civil service.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Consistent and comparable Civil Service recruitment measures have been implemented across the Whitehall 17 departments. These metrics are time to hire, time to fill, diversity of candidate, cost per hire, vacancy holder experience and candidate experience. The first data set became available during April 2024 and on a quarterly basis thereafter.

2.3 Time to hire represents the time between the advertisement closing date and the date that the successful candidate is offered the post. This represents a candidate's perspective of the selection process and provides the basis for reliable and fair external benchmarking closely aligned to researched industry interpretation of this measurement.

2.4 Departments will also monitor the total time to fill a post. This extends beyond the time to hire to also measure time taken for any internal approvals processes that departments operate in order for a recruitment to commence and runs through to the arrival of the individual in post, taking account of pre-employment checks and security clearance.

2.5 These metrics will enable effective benchmarking between departments, as well as external comparators, to drive improvements using a single standard. Once the new metrics are fully embedded, the Cabinet Office will introduce a set of recruitment standards, which will drive further consistency and improvements across Civil Service recruitment.

3. PAC conclusion: Most departments do not know how much it costs to recruit staff, or how they could be more efficient.

3a. PAC recommendation: By the end of 2024, the Cabinet Office should define a common cost per hire measure that includes the cost of all staff time spent on recruitment, and require all departments to report to it regularly on their full cost per hire.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2024

3.2 The Cabinet Office has implemented a set of consistent and comparable Civil Service recruitment measures for the 17 Whitehall departments, one of which is cost per hire.

3.3 The cost per hire metric asks departments to take account of internal costs (time and resource) and external costs (systems and outsourcing), divided by the number of appointments in the reporting period. As well as taking account of the number of successful

appointments made in the reporting period, departments are asked to monitor the number of failed campaigns that did not result in an appointment to provide insight into the volume of recruitment activity that does not yield a return on investment.

3.4 Initially, cost per hire reporting will also require departments to provide a narrative context as to the costs factored into the calculation to ensure benchmarking can be made to a comparable standard.

3.5 The consistency of the cost per hire measurement will be evaluated and the Cabinet Office will define an approach that ensures equal effort and quality of reporting across departments from November 2024.

3b. PAC recommendation: The Cabinet Office should, within six months, share examples of efficient recruitment from within the civil service and external organisations, to encourage departments to identify improvements to their own recruitment processes.

3.6 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

3.7 Six months from the date of the report is insufficient to ensure that full quality research is provided to drive the required improvements. An additional three months (maximum) is needed to complete the recommendation.

3.8 The Cabinet Office will set benchmarks and identify areas of best practice across the recruitment process through the analysis of the recruitment metrics data and researching recruitment practice with external organisations. This will support and encourage departments to identify and make improvements in their own recruitment practice.

3.9 As the metrics are reported on and best practice is identified, the Cabinet Office will define a set of recruitment standards to set expectations of how recruitment should be enacted in the Civil Service, to encourage improvements and ensure recruitment is carried out to the highest standard.

3.10 The Cabinet Office has initiated several 'discovery pilots' to test different approaches to Civil Service recruitment. Having different departments, functions and professions testing new approaches will support the development of a more effective recruitment system, with an ambition to reduce time to hire and improve recruitment outcomes.

4. PAC conclusion: Chronic pay issues within the civil service have lowered morale and risk departments not being able to recruit and retain skilled staff.

4. PAC recommendation: In its forthcoming civil service pay and reward strategy, the Cabinet Office should clearly set out the specific actions it will take to address longstanding issues such as declining real-terms pay; variation between roles paid at the same grade; and disparities in pay between departments, including disparities in the use of performance-related pay and the risk of indirect discrimination.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2024

4.2 As set out in the Civil Service People Plan 2024-27, a new Civil Service Reward Strategy is under development. This will outline the steps the government will take to set out a vision of a more coherent, flexible, and individualised reward framework by 2030 that will enable departments to reward excellence in public service delivery, recognise capability in

role, enhance productivity and inspire the acquisition of the skills and capabilities needed to support the current, and future, priorities of government.

4.3 Alongside a revised pay framework, which will be achieved through the delivery of an employment offer to ensure that the Civil Service continues to provide a modern and competitive package that is well articulated and accessible, exploring how to provide greater clarity and understanding of the pension offer, so that it is recognised for its true value and meets the needs of an evolving workforce, is also key to attracting and retaining talent.

4.4 The government recognises that under the current delegated model, departments maintain control of their own individual pay systems within the cost parameters set out in the Civil Service Pay Remit Guidance, which limits what can be directed by the Cabinet Office.

5. PAC conclusion: Departments do not collect enough data on staff under performance to know if it is being managed effectively.

5. PAC recommendation: By the time of its Treasury Minute response, the Cabinet Office should mandate all departments to collect data on the number of underperforming staff, how underperformance is being managed, and the outcomes for underperforming individuals.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2024

5.2 Managing under and poor performance below the Senior Civil Service (SCS) is delegated to departments. The Civil Service Performance Management Framework provides a blueprint for departments to develop policies and processes for managing employee performance.

5.3 It includes eight elements:

- leaders are accountable for effective performance management in their department;
- assessing delivery of employee work objectives and their behaviours;
- developing and coaching employees to perform effectively;
- differentiating performance;
- ensuring that underperformance and poor performance is monitored and addressed;
- capturing diversity and inclusion data, to ensure there are no negative impacts of the systems on protected groups;
- ensuring that comparable professional standards are applied across organisations; and
- there is coordination and consistency between departments' processes.

5.4 To better understand the extent of underperformance and poor performance, and how it is being managed, the Cabinet Office is designing a tool to collate performance management data for 2023-24, and thereafter, for analysis centrally. The tool will be ready in Summer 2024. The Cabinet Office will work with departments to maximise the use of pre-existing policy tools to address poor performance, or design new ones, if necessary.

5.5 For the SCS, the performance and poor performance policies are set centrally, to be managed and implemented by departments. The Cabinet Office is reviewing how many departments record the number of underperforming SCS, and resulting actions, and will consider whether further guidance on collecting this data, or additional reporting requirements, should be included in the policies for the next performance year.